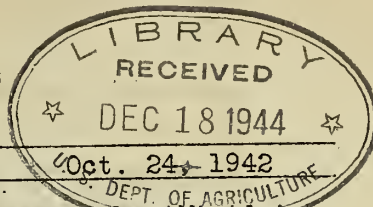


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Administration



No. 39

AMA "WAR BOARD" Letter Wash. D.C.

WARTIME MARKETING OBJECTIVES: Digested herewith is speech delivered by AMA Administrator Hendrickson to Outlook Conference: Number One challenge to wartime marketing is to adjust adequately and in time to facts that War will be long and difficult and will produce shortages - not only tin, steel, rubber, trucks, freight cars, but also manpower, on farms, in processing plants, in transportation and merchandising. Next challenge is to get food and other necessities to those needing them despite these shortages....Market a smaller supply compared with demand in a more efficient way achieved with fewer tools...In this war it is more valuable to study what others have done than to repeat mistakes of last time... England, within democratic framework, has converted marketing over to centralized management and control... has concentrated industry and activity to make possible planning, scheduling, production, distribution and pricing in way to make a little reach as far as possible -- democratic regimentation in the public interest.

U.K.'s handling of livestock industry cited ... Of several thousand small slaughter houses, most were closed and industry concentrated now in 600 plants.. Released labor, scrap materials, and storage space for other uses... Meant that most of 600 slaughter houses could be quite fully utilized after orderly flow of livestock to plants and flow of products to distribution points was scheduled. Producers, thru own committees, move livestock in orderly fashion. In distribution, wholesalers are concentrated and assigned function of directing flow to retailers to integrate with rationing. Retailers not concentrated.

Awkward non-management of livestock marketing in US will have to be remedied. Questioned "luxury" of standby plants, labor and transportation to accommodate mad avalanche of animals in a few peak weeks. Marketings must be levelled out over year. Could handle 20 to 30% more hogs if marketed orderly. Could handle present or increased number and reduce processing capacity, releasing men and facilities to more useful war contributions.

Concentrating US meat industry would make these and many more contributions. Question every marketing function and activity as to how it can be simplified and reduced. Not suggesting reduce quantity of food - it should be increased in face of great difficulties.

Foresaw need of concentration in milk industry .. elimination not only of duplicating delivery services but also reduction in number of plants operating at less than capacity -- perhaps put brands in cold storage for duration. One brand name- "Victory Brand" for product of concentrated plants is suggested. Would mean cheaper product for consumers.

We have to be prepared for many strains on marketing and distribution. Nothing less than vigorous management controls will prevent eventual breakdown - and serious breakdown cannot be tolerated in times like these.

For duration, regulations that arise from plans which recognize priority of overall war effort must substitute for so-called automatic regulation of price competition.

More than area of competition must be reduced. e.g. neighboring canneries competing for same labor, raw materials and custom could produce more with fewer men by closing one and running other to limit. Such adjustments might be unfortunate for farmers, labor, consumers unless vigorously and centrally directed to objectives of winning war and to produce, process and distribute all that is needed with least possible effort.

Farmer must be protected against idea that stopping inflation alone will win war or that letting him stop essential production will hurry victory. If subsidies over

and above a ceiling price are necessary to get him enough to meet costs, they will have to be paid.

Processing job is harder now and regulatory measures may have to be freely resorted to in order to insure orderly flow of raw materials to processors.

There is a further objective in marketing which should not be overlooked - distribution based on income levels. Still over 8,000,000 people are receiving public assistance - mostly unemployables, aged, dependent children, blind, etc. They must be protected. Similarly, nutritional need for school lunch program has increased.

Urged suspension of trade barriers, not just for duration, but for all time.

Cited need for grades and standards, formulated by impartial agency. Need increased by price ceilings. Expressed hope standards would be kept simple and meaningful - that excessive technical refinement would not break out. Would prove to consumer that impartially established and administered grades can be a service.

Concluded urging stimulation of inventive thinking in marketing field as contribution to war effort.

SHARE-THE-MEAT campaign will be launched by USDA and Office of War Information soon. Will stress that there is going to be great deal of so-called "variety" meats as result of record-breaking slaughter of cattle and hogs this year. These "variety" meats include such things as livers, hearts, kidneys, pig feet, tripe, spare ribs, etc. Most usual cuts of meat, that is those in greater demand, steaks, hams, bacon, etc., are also those most acceptable for shipment to our troops and allies abroad. Where supplies of these will be greatly reduced, the "variety" meats will be in large supply. People will be urged to substitute "variety" meats for their usual purchases. Hotels and restaurants have agreed to cooperate. Consideration is being given to designation of "variety" meats as Victory Food Specials later on.

FIELD PURCHASE PROGRAMS: Apples - total purchases to date (October 23) 1,462,010 bu. Purchases during past week (Oct. 16-22, inclusive) totaled 176,263 bu., made as follows: Connecticut, 2291 bu., Delaware, 14,064 bu., Kentucky, 1056 bu., Maine, 5613 bu., Maryland, 6720 bu., Massachusetts, 23,225 bu., Michigan, 16,890 bu., New Hampshire, 10,359 bu., New Jersey, 7320 bu., New York, 20,514 bu., Ohio, 32,612 bu., Pennsylvania, 15,047 bu., Rhode Island, 570 bu., Virginia, 82,280 bu., Vermont, 2318 bu., West Virginia, 9384 bu. Other purchases programs during week included 8940 bu. sweetpotatoes purchased in North Carolina at 90¢ per bu., US No. 1 grade, and 138½ tons squash, AMA grade purchased at \$12 per ton in Massachusetts.

SAUERKRAUT DIVERSION-PURCHASE PROGRAM: Seven more northeastern States have been included in program. They are: Connecticut, Rhode Island, Maine, New Hampshire, Vermont, West Virginia and Delaware. Brings total number of States in program to 25. Details of plan were outlined in AMA War Board Letter No. 34. W.P.B. froze stocks of canned kraut in hands of distributors this week.

FOOD STAMP LIST for November will be same as for this month, fresh apples, all fresh vegetables including Irish and sweet potatoes, shell eggs, corn meal, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour and whole wheat (Graham) flour.
